

Public Schools

Compensation

Initiative 732 Cost-of-Living Adjustments (COLAs) – \$318.0 million General Fund-State

Funds are provided to implement Initiative 732 to provide annual COLAs for state-funded teachers and staff in public schools. The COLA is based on the Seattle consumer price index and provides an increase of 3.7 percent for the 2001-02 school year. Another increase for the 2002-03 school year will be provided, with the specific rate to be specified by the 2002 Legislature consistent with the provisions of Initiative 732.

Salary increases for non-state funded staff are expected to come from the source of funds for the salaries. For example, increases for levy-funded staff are to be paid from levy funds.

Health Benefit Increases – \$80.6 million General Fund-State

Funds are provided to increase the 2000-01 school year health benefit rate allocation per full-time equivalent (FTE) employee from \$425.89 to \$455.27 per month for 2001-02, and to \$493.59 per month for 2002-03. These increases are comparable to the increases provided to state employees.

Pension Rate Changes – \$136.8 million General Fund-State Savings

The Public Employees' Retirement System (PERS) and School Employees' Retirement System (SERS) employer contribution rate adopted by the Pension Funding Council for the 2001-03 biennium was 3.21 percent and the Teachers' Retirement System (TRS) employer contribution rate was 5.38 percent. Effective July 1, 2001, the PERS employer rate is further reduced to 1.54 percent, and effective September 1, 2001, the SERS employer rate is also further reduced to 1.54 percent and the TRS employer rate is further reduced to 2.75 percent. These rates are set in accordance with Chapter 11, Laws of 2001, 2nd sp.s., Partial Veto (ESSB 6167 – State Retirement Systems), which increases the long-term actuarial assumptions for future wage growth and investment returns, and re-establishes the June 30, 2024, deadline for funding all of the liabilities of PERS Plan 1 and TRS Plan 1.

Class Room Resources/Lower Class Size

Initiative 728 – \$393.3 million Student Achievement Fund, \$76.7 million Education Construction Account

Initiative 728 requires a portion of lottery revenues, a portion of state property taxes with established dollar per student amounts, and excess emergency reserve funds to be deposited into the newly created Student Achievement Fund and the Education Construction Account.

Deposits to the Student Achievement Fund are expected to total \$393.3 million. The funds will be distributed to school districts at a rate of \$193.92 per FTE student for the 2001-02 school year and \$220.59 per FTE student for the 2002-03 school year. The permissible uses of this fund are: smaller classes in grades K-4; smaller classes for certain grade 5-12 classes; extended learning opportunities in grades K-12; professional development for educators; early childhood programs; and building improvements or additions to support class size reductions or extended learning programs.

The \$76.7 million of Education Construction Account moneys are appropriated in the capital budget and are used for K-12 and higher education school construction.

K-4 Class Size/Extended Learning – \$85.7 million General Fund-State Savings

Funds are provided to continue the Better Schools class-size and extended learning component. The Better Schools Program is eliminated and the K-4 class size funds are transferred to the Apportionment Program. This transfer consolidates multiple funding sources for grades K-4 staffing allocations into one program. This

component continues funding for the additional 2.2 certificated instructional staff per 1,000 FTE students for class size reduction and extended learning purposes in grades K-4. These funds are not considered part of the state's basic education allocation.

Continuing Education Reform and School Improvement

Reading Corps – \$7.8 million General Fund-State

Funds are provided for Reading Corps grants for schools in which significant numbers of students in grades K-6 do not perform well on reading assessments. The reading programs may be provided before, during, or after the school day, and on Saturdays, summer, intercessions, or other vacation periods. The grants are to be used for proven, research-based programs provided by mentors or tutors and must include pre- and post- testing to determine the effectiveness of the programs.

Focused Assistance – \$2.8 million General Fund-State

Funding is provided to the Office of the Superintendent of Public Instruction to conduct educational audits of low-performing schools and to enter into performance agreements to implement the recommendations of the audit and the community. Each educational audit will include recommendations for best practices and ways to address identified needs.

Mentor/Beginning Teacher Assistance Expansion – \$2.5 million General Fund-State

Funding for teacher mentoring is increased from \$3.4 million per year to \$4.7 million per year. Up to \$200,000 per year may be used for a mentor teacher academy.

Alternative Teacher Certification Routes – \$2.0 million General Fund-State

Funds are provided to implement Chapter 158, Laws of 2001 (E2SSB 5695 – Alternative Teacher Certification). The bill creates two grant programs: one providing stipends for alternative teacher candidates and teacher mentors; and the other, conditional scholarships providing forgivable loans to alternative teacher candidates if they teach in Washington public schools.

Math Helping Corps Expansion – \$1.7 million General Fund-State

Funds are provided to expand the Math Helping Corps from the current \$2.0 million to \$3.7 million. The purpose of the Math Helping Corps is to provide assistance to school districts having difficulties meeting the math standards under education reform.

Principal Leadership Development Expansion – \$1.0 million General Fund-State

Funds are provided to expand the Principal Leadership Development Program from the current \$250,000 to \$1.25 million. Principals participating in the program will establish a growth plan in coordination with an assigned mentor who will monitor and assist the principal in achieving the desired professional growth.

State Leadership for School Improvement – \$768,000 General Fund-State

Funding and staff previously allocated to the Center for the Improvement of Student Learning are redirected for the Superintendent to assist schools in implementing high academic standards, aligning curriculum with these standards, and training teachers to use assessments to improve student learning. Funds may also be used to increase community and parental awareness of education reform.

Web-Based Instructional Network – \$260,000 General Fund-State

Funding is provided for the development and posting of web-based instructional tools, assessment data, and other information that assists schools and teachers in implementing higher academic standards.

National Teacher Certification Bonus – \$241,000 General Fund-State

Funds are provided to increase the duration of the \$3,500 annual bonus for attaining national teacher certification from the current two years to three years.

School Safety

School Safety Allocation Increase – \$6.1 million General Fund-State

Funds are provided for a school safety allocation to school districts at a rate of \$6.36 per student per year. The total biennial allocation for school safety is \$12.1 million and can be used to create and implement school safety plans.

Anti-Bullying/Harassment Training – \$500,000 General Fund-State

Funds are provided to the Office of the Superintendent of Public Instruction to create a model policy that school districts can use as a guide for training programs.

Non-Violence Leadership Training – \$300,000 General Fund-State

Funds are provided for a non-violence leadership training program offered by the Institute for Community Leadership headquartered in Seattle. The program consists of school-based workshops that use reading, writing, listening, and public speaking to build character and to develop skills for a changing society. The funds are expected to provide up to 80 percent funding for workshops serving 12 school districts and 36 schools.

School Safety Training – \$216,000 General Fund-State

Funds are provided to implement a school safety training program for school administrators and school safety personnel provided by the Criminal Justice Training Commission.

School Safety Center – \$200,000 General Fund-State

Funds are provided to establish a School Safety Center located in the Office of the Superintendent of Public Instruction. The main functions of the safety office are to provide model comprehensive school safety plans to schools and to provide assistance to schools in developing and implementing comprehensive safe school plans.

Other Enhancements

Increase the Special Education Enrollment Maximum – \$2.9 million General Fund-State

Starting with the 2002-03 school year, funds are provided to increase the percentage of a school district's FTE enrollment funded as special education from the current maximum of 12.7 percent to 13.0 percent.

LASER Science Program – \$1.7 million General Fund-State

Funds are provided for the LASER Science Program. Under the program, the Superintendent of Public Instruction will contract with the Pacific Science Center for a statewide program coordinator and the initial purchase of science kits for districts that participate in the LASER Program. Districts participating in the LASER Program write a five-year strategic plan for implementing a science education program for grades K-8 and provide professional development for teachers and administrators.

OSPI Information Systems – \$700,000 General Fund-State

Funding is provided to upgrade information systems in the Office of the Superintendent of Public Instruction. Priority will be given to upgrading the general apportionment system and continuing work on the student information system.

Savings and Reductions

Better Schools Program Staff Development – \$40.2 million General Fund-State Savings

The staff development portion of the Better Schools Program created by the 2000 Legislature is not continued.

Block Grant – \$17.6 million General Fund-State Savings

The block grant allocation per student is reduced from \$28.81 per K-12 student per year to \$18.48 per student. Block grant funds are discretionary funds that can be used by school districts for any educational purpose.

Traffic Safety Education – \$8.1 million General Fund-State Savings

Beginning with the 2001-02 school year, the state subsidy of \$137 per student for the driver education program is eliminated. The subsidy of \$203.97 is continued for driver education students eligible for free and reduced-price lunches.

Washington Assessment of Student Learning (WASL) Adjustments – \$6.3 million General Fund-State Savings

Various budget adjustments are made for the WASLs based on the following: savings of \$285,000 from reduction in the number of advisory committee members used to develop the WASLs; \$300,000 in savings from separating the question and answer booklets which reduces scoring costs; \$415,000 in efficiency savings and other adjustments; and availability and utilization of at least \$1.0 million of federal funds in fiscal year 2002 and at least \$2.0 million in fiscal year 2003. Including state and federal funds, the change in assessment timelines and double scoring, this budget increases WASL funding from \$19.9 million to \$25.1 million for the 2001-03 biennium.

Statewide Programs – \$3.8 million General Fund-State Savings

The allocation for statewide programs is reduced by \$3.8 million. Statewide programs include a number of health and safety, technology, and grant and allocation programs amounting to \$36.7 million.

Information Technology Workforce Training – \$3.6 million General Fund-State Savings

Funding is eliminated for information technology workforce training grants. This grant program was initiated by the 1999 Legislature to prepare students to achieve information technology skill certifications. School districts receiving the grants used them to acquire computer software and hardware, improve Internet access, and provide staff training.

Magnet Schools – \$1.6 million General Fund-State Savings

Funding for the Magnet School Program is eliminated. The purpose of this program was to provide funds to certain school districts with large minority populations to establish magnet programs to encourage racial integration of schools through voluntary student transfers.

Discontinue the Center For the Improvement of Student Learning (CISL) – \$1.3 million General Fund-State Savings

CISL, located in the Office of the Superintendent of Public Instruction, is eliminated. The purpose of the Center is to serve as a clearinghouse for information regarding educational improvement and parental involvement programs. The funds and staff are transferred to other similar functions in the office.

State Office Administrative Reductions – \$680,000 General Fund-State Savings

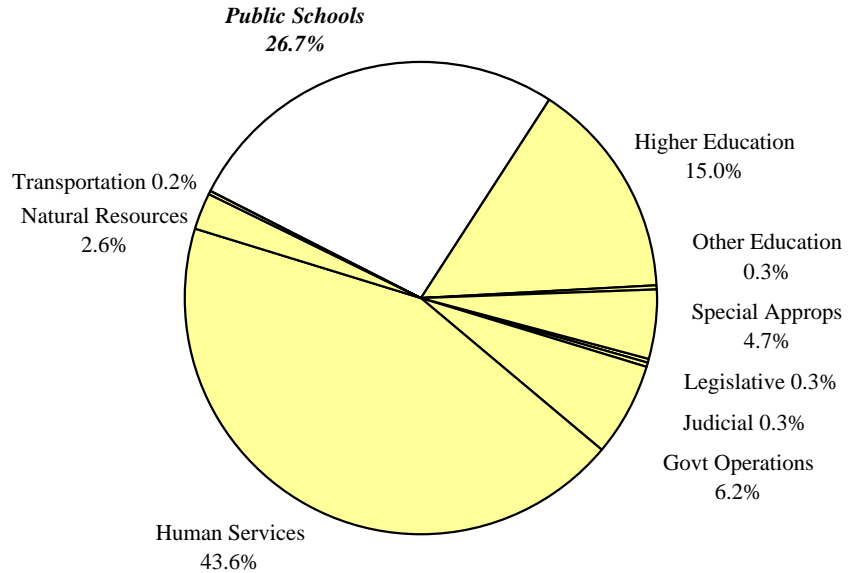
The administration budget of the Superintendent of Public Instruction is reduced by 3 percent through administrative efficiencies and reductions at the state office.

Geographic Alliance – \$100,000 General Fund-State Savings

State funding for the geographic alliance is eliminated. The purpose of the program was to train K-12 teachers to improve the teaching of geography in schools.

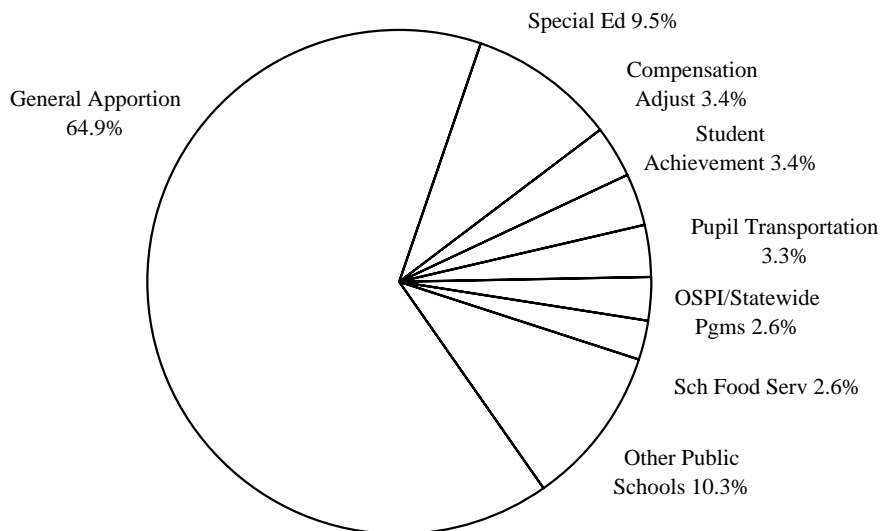
2001-03 Washington State Operating Budget
Total Budgeted Funds
(Dollars in Thousands)

Legislative	139,285
Judicial	141,697
Governmental Operations	2,707,559
Human Services	18,911,595
Natural Resources	1,123,648
Transportation	104,494
Public Schools	11,571,857
Higher Education	6,502,726
Other Education	116,415
Special Appropriations	2,036,571
Statewide Total	43,355,847



Washington State

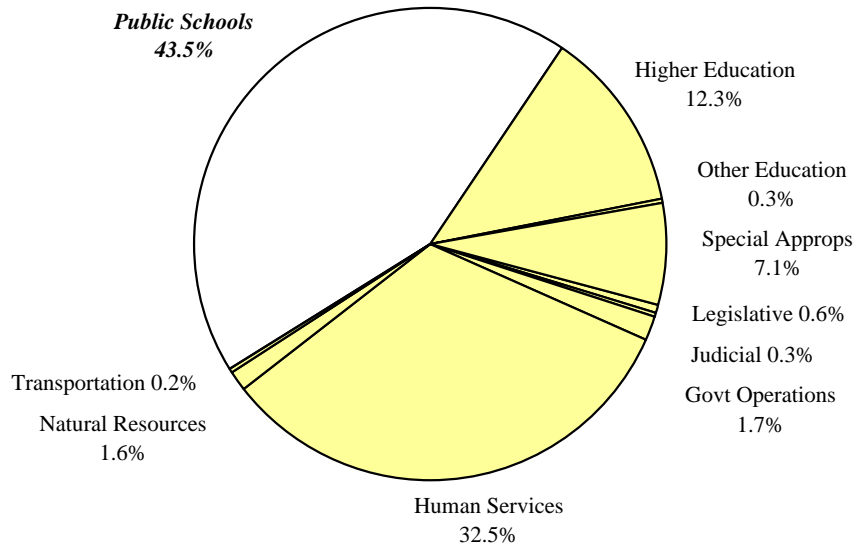
General Apportionment	7,512,176
Special Education	1,096,000
Compensation Adj	398,659
Student Achievement	393,300
Pupil Transportation	387,491
OSPI & Statewide Pgms	299,329
School Food Services	296,387
Other Public Schools	1,188,515
Public Schools	11,571,857



Public Schools

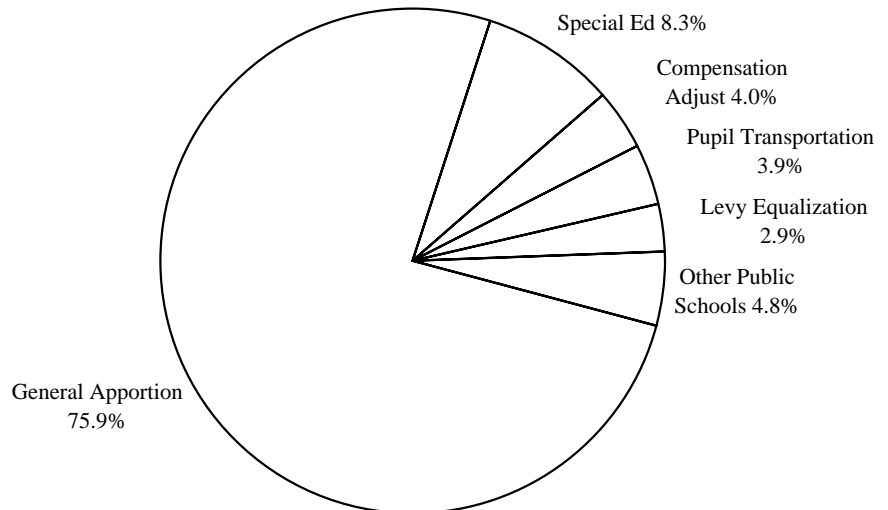
2001-03 Washington State Operating Budget
General Fund-State
(Dollars in Thousands)

Legislative	133,124
Judicial	71,679
Governmental Operations	392,304
Human Services	7,415,303
Natural Resources	355,477
Transportation	40,722
Public Schools	9,903,086
Higher Education	2,800,460
Other Education	59,988
Special Appropriations	1,611,095
Statewide Total	22,783,238



Washington State

General Apportionment	7,512,176
Special Education	839,908
Compensation Adj	398,659
Pupil Transportation	387,491
Levy Equalization	284,644
Other Public Schools	480,208
Public Schools	9,903,086



Public Schools

2001-03 K-12 Policy Changes

State Sources

(Dollars in Thousands)

1.	Student Achievement Fund (Initiative 728)	393,300
2.	Cost-of-Living Increase (Initiative 732)	318,024
3.	K-4 Class Size/Extended Learning (Better Schools)	85,738
4.	Health Benefit Increases	80,635
5.	Reading Corps	7,759
6.	Increase School Safety Allocation	6,147
7.	Increase Special Education Enrollment Maximum	2,875
8.	Focused Assistance to Schools	2,800
9.	Expand Mentor/Beginning Teacher Assistance	2,500
10.	Alternative Certification Routes	2,000
11.	LASER Science Program	1,729
12.	Expand Helping Corps	1,656
13.	Expand Principal Leadership Development	1,000
14.	State Leadership for School Improvement	768
15.	OSPI Information Systems	700
16.	Civil Liberties Education & WWII Oral History	600
17.	Anti-Bullying/Harassment Training	500
18.	Non-Violence Leadership Training	300
19.	Web-Based Instructional Network	260
20.	National Teacher Certification Bonus	241
21.	Transfer Center for the Improvement of Student Learning Staff	230
22.	School Safety Training	216
23.	Double Score 10th Grade Writing WASL	209
24.	School Safety Center	200
25.	Performance Assistance & Recognition Plaques	200
26.	Certificate of Mastery Development	100
27.	Return Writing WASL	93
28.	Bilingual Tracking (E2SHB 2025)	70
29.	Pension Rate Changes	-136,847
30.	Eliminate Better Schools Staff Development	-40,178
31.	Move Better Schools Class Size to Apportionment	-85,735
32.	Block Grant Reduction	-17,635
33.	Reduce Traffic Safety Education Allocation	-8,083
34.	WASL Resources, Federal Funds Use	-4,000
35.	Statewide Programs Reduction	-3,818
36.	Eliminate Information Tech Workforce Training	-3,600
37.	Change WASL Assessment Timeline	-2,301
38.	Audit Team Savings	-2,000
39.	Eliminate Magnet School Funding	-1,600
40.	Discontinue CISL	-1,260
41.	State Office Admin Reductions	-680
42.	Eliminate Geographic Alliance	-100
Total		603,013

Public Schools

WORKLOAD HISTORY

By School Year

	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	Estimate	
									2002-03	2003-04
General Apportionment										
FTE Enrollment	886,247	904,288	923,467	936,435	946,385	948,485	950,051	947,752	946,032	946,256
% Change from prior year		2.0%	2.1%	1.4%	1.1%	0.2%	0.2%	-0.2%	-0.2%	0.0%
Special Education										
Funded Enrollment ⁽¹⁾	107,232	108,185	109,149	111,257	113,249	115,257	116,440	118,275	118,155	118,183
% Change from prior year		0.9%	0.9%	1.9%	1.8%	1.8%	1.0%	1.6%	-0.1%	0.0%
Bilingual Education										
Headcount Enrollment	39,888	42,981	46,029	47,975	52,040	55,650	590,562	62,832	66,395	68,000
% Change from prior year		7.8%	7.1%	4.2%	8.5%	6.9%	961.2%	-89.4%	5.7%	2.4%
Learning Assistance Program										
Entitlement Units ⁽²⁾	117,112	154,867	157,482	159,556	159,481	184,796	177,668	170,785	167,520	164,000
% Change from prior year		32.2%	1.7%	1.3%	0.0%	15.9%	-3.9%	-3.9%	-1.9%	-2.1%

(1) 1995-96 through 1998-99 represent headcount enrollments funded through the main funding formula and do not include additional enrollment funded through the Special Education Safety Net.

(2) Formula changed in 1995 – entitlement units used for allocation purposes only. Actual students served may vary. Allocation formula changed in 1999-00 school year to include 10th and 11th grades.

Data Sources :

1994-95 through 1998-99 amounts from SPI/OFM and Caseload Forecast Council.

1999-00 through 2003-04 estimates from Legislative Conference Budget.

Public Schools OSPI & Statewide Programs

(Dollars in Thousands)

	GF-S	Other	Total
1999-01 Expenditure Authority	84,159	84,440	168,599
2001 Supplemental *	0	10,044	10,044
Total 1999-01 Biennium	84,159	94,484	178,643
2001-03 Maintenance Level	59,210	114,457	173,667
Policy Changes			
1. Information Tech Workforce Training	-3,600	0	-3,600
2. State Office Admin Reductions	-680	0	-680
3. Alternative Certification Routes	2,000	0	2,000
4. Anti-Bullying/Harassment Training	500	0	500
5. Advanced Placement Opportunities	0	860	860
6. LASER Science Program	1,729	0	1,729
7. OSPI Information Systems	700	0	700
8. School Safety Allocation	6,147	0	6,147
9. School Safety Office	200	0	200
10. Federal Funds Update	0	112,808	112,808
11. Geographic Alliance	-100	0	-100
12. Magnet Schools	-1,600	0	-1,600
13. Federal Reading Excellence Grant	0	9,900	9,900
14. Statewide Programs Reduction	-3,818	0	-3,818
15. Certificate of Mastery Development	100	0	100
16. Non-Violence Leadership Training	300	0	300
17. School Safety Training	216	0	216
Total 2001-03 Biennium	61,304	238,025	299,329
Fiscal Year 2002 Total	29,631	109,640	139,271
Fiscal Year 2003 Total	31,673	128,385	160,058

Comments:

1. **Information Tech Workforce Training** - Funding is eliminated for information technology workforce training grants. This program was started by the 1999 Legislature to prepare students to achieve information technology skill certifications. School districts receiving the grants used them to acquire computer software and hardware, to improve Internet access, and for staff training.
2. **State Office Admin Reductions** - The administration budget of the Office of the Superintendent of Public Instruction (OSPI) is reduced by 3 percent.
3. **Alternative Certification Routes** - Funds are provided to implement Chapter 158, Laws of 2001 (E2SSB 5695). This bill creates two grant programs: one providing stipends for alternative teacher candidates and teacher mentors; and the other, conditional scholarships which provide forgivable loans to alternative teacher candidates if they teach in Washington public schools.
4. **Anti-Bullying/Harassment Training** - Funds are provided for anti-bullying/harassment training. OSPI is to create a model policy that school districts can use as a guide for training programs.
5. **Advanced Placement Opportunities** - Additional federal funding for the Advanced Placement (AP) Fee Program will increase enrollment of low-income individuals in AP courses and increase the availability of these courses in schools serving high poverty areas. In addition, the expanded grant will focus on removing obstacles to AP participation at three pilot sites serving remote schools or high poverty areas. (General Fund-Federal)
6. **LASER Science Program** - Funds are provided for the LASER Science Program. Under the program, the Superintendent of Public Instruction will contract with the Pacific Science Center for a statewide program coordinator and the initial purchase of science kits for districts that participate in the LASER Program. Districts participating in the LASER Program write a five-year strategic plan for implementing a science education program for grades K-8 and provide professional development for teachers and administrators.
7. **OSPI Information Systems** - Funding is provided for information systems in OSPI. Priority will be given to upgrading the general apportionment system and continuing work on the student information system.

Public Schools OSPI & Statewide Programs

8. **School Safety Allocation** - Funds are provided for an allocation to school districts of up to \$6.36 per full-time equivalent student per year for school safety purposes. The funds were originally to be expended in accordance with the provisions of either House Bill 1818 or Senate Bill 5543 (student safety). Since neither bill was enacted, school districts are encouraged to use the funds for school-based comprehensive safe school plans and to implement the components of the plans, including early prevention and intervention programs, school security monitors, training for staff, equipment and other purposes identified in the safe school plans.

build character and to develop skills for changing society. The funds are expected to provide up to 80 percent of the funding for workshops serving 12 school districts and 36 schools.
9. **School Safety Office** - Funds are provided to create a school safety center located in OSPI. The main functions of the safety office are to disseminate successful models of school safety plans and to provide assistance to schools to establish a comprehensive safe school plan.

* Please see the 2001 Supplemental Operating Budget Section for additional information.
10. **Federal Funds Update** - Expected expenditures from federal funds are updated based on revised estimates provided by OSPI in March 2001. (General Fund-Federal)
11. **Geographic Alliance** - State funding for the geographic alliance is eliminated. The purpose of the program was to train K-12 teachers to improve the teaching of geography in schools.
12. **Magnet Schools** - Funding for the Magnet School Program is eliminated. The purpose of this Program was to provide funds to certain school districts with large minority populations to establish magnet programs to encourage racial integration of schools through voluntary student transfers.
13. **Federal Reading Excellence Grant** - In 2000, Washington was awarded a Reading Excellence Grant through the United States Department of Education. The Grant initiated the Washington Reads Project, which uses scientifically-based reading research to enhance high quality reading instruction and school programs. The program is established in 30 demonstration schools. (General Fund-Federal)
14. **Statewide Programs Reduction** - The allocation for statewide programs is reduced by \$3.8 million. Statewide programs include a number of health and safety, technology, and grant and allocation programs totaling \$40.5 million.
15. **Certificate of Mastery Development** - Funds are provided to the State Board of Education for a study of the Certificate of Mastery based on other states' experience with similar requirements.
16. **Non-Violence Leadership Training** - Funds are provided for a non-violence leadership training program offered by the Institute for Community Leadership headquartered in Seattle. The program consists of school-based workshops that use reading, writing, listening, and public speaking to
17. **School Safety Training** - Funds are provided to implement a school safety training program for school administrators and school safety personnel provided by the Criminal Justice Training Commission.

Public Schools General Apportionment

(Dollars in Thousands)

	GF-S	Other	Total
1999-01 Expenditure Authority	6,987,997	0	6,987,997
2001 Supplemental *	9,105	0	9,105
Total 1999-01 Biennium	6,997,102	0	6,997,102
2001-03 Maintenance Level	7,547,634	0	7,547,634
Policy Changes			
1. Pension Changes	-116,913	0	-116,913
2. Audit Team Savings	-1,000	0	-1,000
3. K-4 Class Size/Extended Learning	82,455	0	82,455
Total 2001-03 Biennium	7,512,176	0	7,512,176
Fiscal Year 2002 Total	3,760,826	0	3,760,826
Fiscal Year 2003 Total	3,751,350	0	3,751,350

Comments:

1. **Pension Changes** - See note for Program 714 - Public Schools Compensation Adjustments.
2. **Audit Team Savings** - The budget continues funding for nine auditors in the State Auditor's Office to conduct special K-12 audits. These auditors are expected to generate \$1.0 million in savings in this program over the biennium.
3. **K-4 Class Size/Extended Learning** - Funds are provided to continue the class-size and extended learning component of the Better Schools Program that was created by the 2000 Legislature. Rather than continuing this as a separate program, the funds are transferred to the Apportionment Program, and this transfer consolidates multiple funding sources for grade K-4 staffing allocations into one program. These funds provide an additional 2.2 certificated instructional staff per 1,000 full-time equivalent students for class size reduction and extended learning purposes in grades K-4. The additional staff are not considered part of the state's basic education allocation.

* Please see the 2001 Supplemental Operating Budget Section for additional information.

Public Schools Compensation Adjustments

(Dollars in Thousands)

	GF-S	Other	Total
1999-01 Expenditure Authority	530,327	0	530,327
2001 Supplemental *	1,583	0	1,583
Total 1999-01 Biennium	531,910	0	531,910
2001-03 Maintenance Level	324,819	0	324,819
Policy Changes			
1. Health Benefit Adjustment	80,635	0	80,635
2. Redirect Better Schools Program	-3,280	0	-3,280
3. Pension Changes	-7,017	0	-7,017
4. K-4 Class Size/Extended Learning	3,283	0	3,283
5. Special Ed Enrollment Maximum	219	0	219
Total 2001-03 Biennium	398,659	0	398,659
Fiscal Year 2002 Total	124,130	0	124,130
Fiscal Year 2003 Total	274,529	0	274,529

Comments:

I-732 Salary Increase: The sum of \$318.0 million is provided for K-12 state-funded staff cost-of-living increases of 3.7 percent for school year 2001-02 and another increase for the 2002-03 school year to be specified by the 2002 Legislature consistent with the provisions of Initiative 732 (I-732).

1. **Health Benefit Adjustment** - Funds are provided to increase the monthly health benefit allocation per K-12 state-funded full-time equivalent employee from \$425.89 to \$455.27 in the 2001-02 school year and \$493.59 in the 2002-03 school year. This change in rates is consistent with increases provided to state employees.
2. **Redirect Better Schools Program** - The Better Schools Program class-size reduction component is transferred to the Apportionment Program. As a consequence, salary increase funds are not needed in the Better Schools Program. The salary increase for the transferred funds is shown below in the item labeled K-4 Class Size/Extended Learning.
3. **Pension Changes** - The Public Employees' Retirement System (PERS) and School Employees' Retirement System (SERS) employer contributions rate adopted by the Pension Funding Council for the 2001-03 biennium was 3.21 percent, and the Teachers Retirement System (TRS) employer contribution rate was 5.38 percent. Effective July 1, 2001, the PERS employer rate is further reduced to 1.54 percent, and effective September 1, 2001, the SERS employer rate is further reduced to 1.54 percent and the TRS employer rate is further reduced to 2.75 percent. These rates are set in accordance with Chapter 11, Laws of 2001, 2nd sp.s., Partial Veto (ESSB 6167 - State Retirement Systems), which increases the long-term actuarial assumptions for future wage growth and investment returns

and re-establishes the June 30, 2024, deadline for funding all of the liabilities of PERS Plan 1 and TRS Plan 1.

4. **K-4 Class Size/Extended Learning** - A portion of the Better Schools Program class-size reduction funds were transferred to the Apportionment Program. The \$1.9 million reflects the amount necessary to provide cost-of-living adjustments for this item.
5. **Special Ed Enrollment Maximum** - The budget increases the maximum enrollment funded in the Special Education Program. This increase in enrollment increases the amount of funds necessary to implement health benefit increases and cost-of-living adjustments.

* Please see the 2001 Supplemental Operating Budget Section for additional information.

Public Schools Pupil Transportation

(Dollars in Thousands)

	GF-S	Other	Total
1999-01 Expenditure Authority	362,265	0	362,265
2001 Supplemental *	2,599	0	2,599
Total 1999-01 Biennium	364,864	0	364,864
2001-03 Maintenance Level	390,071	0	390,071
Policy Changes			
1. Pension Changes	-2,580	0	-2,580
Total 2001-03 Biennium	387,491	0	387,491
Fiscal Year 2002 Total	193,198	0	193,198
Fiscal Year 2003 Total	194,293	0	194,293

Comments:

1. **Pension Changes** - See note for Program 714 - Public Schools Compensation Adjustments.

* Please see the 2001 Supplemental Operating Budget Section for additional information.

**Public Schools
School Food Services**

(Dollars in Thousands)

	GF-S	Other	Total
1999-01 Expenditure Authority	6,200	291,761	297,961
2001-03 Maintenance Level	6,200	283,187	289,387
Policy Changes			
1. Federal Funds Update	0	7,000	7,000
Total 2001-03 Biennium	6,200	290,187	296,387
Fiscal Year 2002 Total	3,100	144,498	147,598
Fiscal Year 2003 Total	3,100	145,689	148,789

Comments:

1. **Federal Funds Update** - Expenditures from federal funds for school breakfast and lunch programs are updated.
(General Fund-Federal)

Public Schools Special Education

(Dollars in Thousands)

	GF-S	Other	Total
1999-01 Expenditure Authority	772,493	171,667	944,160
2001 Supplemental *	5,594	4,444	10,038
Total 1999-01 Biennium	778,087	176,111	954,198
2001-03 Maintenance Level	851,111	178,685	1,029,796
Policy Changes			
1. Federal Funds Update	0	77,407	77,407
2. Pension Changes	-12,859	0	-12,859
3. Audit Team Savings	-1,000	0	-1,000
4. Special Ed Enrollment Maximum	2,656	0	2,656
Total 2001-03 Biennium	839,908	256,092	1,096,000
Fiscal Year 2002 Total	419,264	112,780	532,044
Fiscal Year 2003 Total	420,644	143,312	563,956

Comments:

1. **Federal Funds Update** - Expected expenditures from federal funds are updated based on revised estimates provided by the Office of the Superintendent of Public Instruction in March 2001. (General Fund-Federal)
2. **Pension Changes** - See note for Program 714 - Public Schools Compensation Adjustments.
3. **Audit Team Savings** - Funding is continued for nine auditors in the State Auditor's Office to conduct special K-12 audits. These auditors are expected to generate \$1.0 million in savings in this program.
4. **Special Ed Enrollment Maximum** - Beginning with the 2002-03 school year, \$4.1 million is provided to increase the maximum percentage of a school district's full time equivalent enrollment funded from the regular special education allocation from the current 12.7 percent to 13.0 percent. The General Fund-State safety net is adjusted downward by \$1.4 million since school districts with special education enrollments in excess of 12.7 percent will not need as much safety net funding as a result of the maximum percent increase. The net increase in funding is \$2.7 million.

* Please see the 2001 Supplemental Operating Budget Section for additional information.

NOTE: The appropriations act also contains a proviso concerning the definition of special education excess costs that requires the Superintendent of Public Instruction to change reporting requirements for school district special education and apportionment expenditures. The purpose of the change is to reflect that special education students are basic education students first and as a class are entitled to their full basic education allocation.

Public Schools Traffic Safety Education

(Dollars in Thousands)

	GF-S	Other	Total
1999-01 Expenditure Authority	15,509	0	15,509
2001 Supplemental *	-495	0	-495
Total 1999-01 Biennium	15,014	0	15,014
2001-03 Maintenance Level	14,266	0	14,266
Policy Changes			
1. Traffic Safety Ed Allocation	-8,083	0	-8,083
Total 2001-03 Biennium	6,183	0	6,183
Fiscal Year 2002 Total	3,595	0	3,595
Fiscal Year 2003 Total	2,588	0	2,588

Comments:

1. **Traffic Safety Ed Allocation** - The state subsidy of \$137 per student for the Driver Education Program is eliminated beginning with the 2001-02 school year. The subsidy of \$203.97 is continued for driver education students eligible for free and reduced-price lunches.

* Please see the 2001 Supplemental Operating Budget Section for additional information.

Public Schools
Educational Service Districts

(Dollars in Thousands)

	GF-S	Other	Total
1999-01 Expenditure Authority	9,067	0	9,067
2001-03 Maintenance Level	9,682	0	9,682
Policy Changes			
1. Pension Changes	-146	0	-146
Total 2001-03 Biennium	9,536	0	9,536
Fiscal Year 2002 Total	4,768	0	4,768
Fiscal Year 2003 Total	4,768	0	4,768

Comments:

1. **Pension Changes** - See note for Program 714 - Public Schools Compensation Adjustments.

Public Schools Levy Equalization

(Dollars in Thousands)

	GF-S	Other	Total
1999-01 Expenditure Authority	224,677	0	224,677
2001 Supplemental *	1,993	0	1,993
Total 1999-01 Biennium	226,670	0	226,670
2001-03 Maintenance Level	284,644	0	284,644
Total 2001-03 Biennium	284,644	0	284,644
Fiscal Year 2002 Total	136,315	0	136,315
Fiscal Year 2003 Total	148,329	0	148,329

Comments:

No budget changes were recommended which reflect a change in statute or agency policy.

* Please see the 2001 Supplemental Operating Budget Section for additional information.

Public Schools Institutional Education

(Dollars in Thousands)

	GF-S	Other	Total
1999-01 Expenditure Authority	38,765	8,548	47,313
2001 Supplemental *	-1,220	0	-1,220
Total 1999-01 Biennium	37,545	8,548	46,093
2001-03 Maintenance Level	38,888	8,548	47,436
Policy Changes			
1. Pension Changes	-640	0	-640
Total 2001-03 Biennium	38,248	8,548	46,796
Fiscal Year 2002 Total	19,133	4,274	23,407
Fiscal Year 2003 Total	19,115	4,274	23,389

Comments:

1. **Pension Changes** - See note for Program 714 - Public Schools Compensation Adjustments.

* Please see the 2001 Supplemental Operating Budget Section for additional information.

Public Schools
Education of Highly Capable Students

(Dollars in Thousands)

	GF-S	Other	Total
1999-01 Expenditure Authority	12,269	0	12,269
2001 Supplemental *	-15	0	-15
Total 1999-01 Biennium	12,254	0	12,254
2001-03 Maintenance Level	13,030	0	13,030
Policy Changes			
1. Pension Changes	-190	0	-190
Total 2001-03 Biennium	12,840	0	12,840
Fiscal Year 2002 Total	6,443	0	6,443
Fiscal Year 2003 Total	6,397	0	6,397

Comments:

1. **Pension Changes** - See note for Program 714 - Public Schools Compensation Adjustments.

* Please see the 2001 Supplemental Operating Budget Section for additional information.

Public Schools
Elementary & Secondary School Improvement

(Dollars in Thousands)

	GF-S	Other	Total
1999-01 Expenditure Authority	0	285,193	285,193
2001-03 Maintenance Level	0	283,182	283,182
Policy Changes			
1. Federal Funds Update	0	4,984	4,984
Total 2001-03 Biennium	0	288,166	288,166
Fiscal Year 2002 Total	0	142,639	142,639
Fiscal Year 2003 Total	0	145,527	145,527

Comments:

1. **Federal Funds Update** - Expected expenditures from federal funds are updated based on revised estimates provided by the Office of the Superintendent of Public Instruction in March 2001. (General Fund-Federal)

Public Schools Education Reform

(Dollars in Thousands)

	GF-S	Other	Total
1999-01 Expenditure Authority	69,534	233	69,767
2001 Supplemental *	-887	0	-887
Total 1999-01 Biennium	68,647	233	68,880
2001-03 Maintenance Level	62,090	233	62,323
Policy Changes			
1. Scoring of 10th Grade Writing WASL	209	0	209
2. Change Assessment Timeline	-2,301	0	-2,301
3. Reading Corps	7,759	0	7,759
4. Recognizing Successful Schools	100	0	100
5. Expand Math Helping Corps	1,656	0	1,656
6. Focused Assistance to Schools	2,800	0	2,800
7. Principal Leadership Development	1,000	0	1,000
8. Mentor/Beginning Teacher Asst	2,500	0	2,500
9. State Leadership for School Improve	768	0	768
10. Performance Improvement Goals	100	0	100
11. Web-Based Instructional Network	260	0	260
12. Return Writing WASL	93	0	93
13. National Teacher Certif Bonus	241	0	241
14. Discontinue CISL	-1,260	0	-1,260
15. WASL Adjustments	-4,000	3,000	-1,000
16. Transfer CISL Staff	230	0	230
Total 2001-03 Biennium	72,245	3,233	75,478
Fiscal Year 2002 Total	35,882	1,127	37,009
Fiscal Year 2003 Total	36,363	2,106	38,469

Comments:

1. **Scoring of 10th Grade Writing WASL** - Funds are provided to double score all the 10th grade writing tests for the Washington Assessment of Student Learning (WASL) to increase the accuracy and validity of individual student test scores. In the past, only a sample percentage of the writing tests were double scored.
2. **Change Assessment Timeline** - Chapter 20, Laws of 2001, 2nd sp.s. (ESB 5686), delays the timelines for development of the WASL tests for social studies, arts, and health and fitness by two years. The delay reduces the amount of funding necessary for WASL test development in the 2001-03 biennium.
3. **Reading Corps** - Funds are provided for Reading Corps grants for schools in which significant numbers of students in grades K-6 do not perform well on reading assessments. The reading programs may be provided before, during, or after the school day, and on Saturdays or during summer, intercessions, or other vacation periods. The grants are to be used for proven, research-based programs provided by mentors or tutors and must include pre- and post-testing to determine the effectiveness of the programs.
4. **Recognizing Successful Schools** - Funds are provided to purchase plaques to recognize schools that successfully met the fourth grade reading improvement goal established by each local school board.
5. **Expand Math Helping Corps** - Funds are provided to expand the Math Helping Corps from \$2 million to \$3.7 million. Preliminary evidence shows a dramatic improvement in the number of students meeting math standards in the initial 13 schools provided with assistance through the Math Helping Corps in the 1999-00 school year. Under the program, exemplary teachers are assigned to help schools identify barriers to student learning and develop and implement an action plan for improving learning. The funding level provided will allow about 32 schools to be provided with expert math teachers each year.
6. **Focused Assistance to Schools** - Funds are provided to the Superintendent of Public Instruction to establish a focused assistance program starting in FY 2003. The Superintendent is required to conduct educational audits of low-performing schools and enter into performance agreements with the school district to implement the recommendations of the audits. Educational audits must include recommendations for best practices and ways to address identified needs.
7. **Principal Leadership Development** - Funds are provided to expand the Principal Leadership Development Program.

Public Schools Education Reform

Principals participating in the program will establish a growth plan in coordination with an assigned mentor who will monitor and assist the principal in achieving the desired professional growth.

8. **Mentor/Beginning Teacher Asst** - Funding for the Teacher Assistance Program is increased from \$3.4 million per year to \$4.7 million per year. Of the amounts provided, \$200,000 each year may be used for a mentor teacher academy. The funds are allocated for eligible peer mentor programs in school districts based on the number of beginning teachers in each district.
9. **State Leadership for School Improve** - Funding and staff previously allocated to the Center for the Improvement of Student Learning (CISL) are redirected for the Superintendent to assist schools in implementing high academic standards, aligning curriculum with these standards, and training teachers to use assessments to improve student learning. Funds may also be used to increase community and parental awareness of education reform.
10. **Performance Improvement Goals** - Funds are provided for grants to school districts to adopt or revise district-wide and school-level plans to achieve performance improvement goals and to post a summary of the plans on district websites using a common format provided by the Office of the Superintendent of Public Instruction (OSPI).
11. **Web-Based Instructional Network** - Funds are provided for the development and posting of web-based instructional tools, assessment data, and other information that assist schools and teachers in implementing higher academic standards.
12. **Return Writing WASL** - Funds are provided to make the scored writing portion of the WASL available to schools, students, and parents. Each school will also make available information on the criteria used to determine writing scores.
13. **National Teacher Certif Bonus** - Funds are provided to lengthen the national teacher certification bonus from the current two years to three years.
14. **Discontinue CISL** - Funding is eliminated for CISL located in OSPI. The purpose of the Center was to serve as a clearinghouse for information regarding educational improvement and parental involvement programs.
15. **WASL Adjustments** - Various adjustments are made in the budget for the WASL based on the following savings: \$285,000 from reduction in the number of advisory committee members used to develop the WASLs; \$300,000 from separating the question and answer booklets which reduces scoring costs; \$415,000 in efficiency savings and other adjustments; and availability and utilization of at least \$1.0 million of federal funds in FY 2002 and at least \$2.0 million in FY 2003. Including state and federal funds, the

change in assessment timelines and double scoring, WASL funding is increased from \$19.9 million in the 1999-01 biennium to \$25.1 million for the 2001-03 biennium.

16. **Transfer CISL Staff** - The 1.3 FTE staff and \$230,000 previously allocated to CISL are transferred to WASL development.

* Please see the 2001 Supplemental Operating Budget Section for additional information.

Governor's Vetoes:

The Governor vetoed Section 514(12)(a) of Chapter 7, Laws of 2001, 2nd sp.s., Partial Veto (ESSB 6153), which restricted the payment of salary bonuses to teachers who obtained national board certification prior to the 1999-00 school year.

Public Schools Transitional Bilingual Instruction

(Dollars in Thousands)

	GF-S	Other	Total
1999-01 Expenditure Authority	73,481	0	73,481
2001 Supplemental *	171	0	171
Total 1999-01 Biennium	73,652	0	73,652
2001-03 Maintenance Level	89,839	0	89,839
Policy Changes			
1. Bilingual Tracking (E2SHB 2025)	70	0	70
2. Pension Changes	-1,694	0	-1,694
Total 2001-03 Biennium	88,215	0	88,215
Fiscal Year 2002 Total	43,044	0	43,044
Fiscal Year 2003 Total	45,171	0	45,171

Comments:

1. **Bilingual Tracking (E2SHB 2025)** - Additional funding is provided to the Office of the Superintendent of Public Instruction (OSPI) to contract for tracking the English and academic proficiency of students who are or were in the transitional bilingual program. The purpose of the evaluation and tracking system is to provide information on the effectiveness of transitional bilingual programs in teaching English and other content areas, such as mathematics and writing. In addition, OSPI may withhold up to \$563,000 of the biennial transitional bilingual allocation to school districts by adjusting the per pupil funding rate in order to pay for centralized purchasing and scoring of bilingual assessments. Currently, each school district purchases and pays for the administration and scoring of these assessments.
2. **Pension Changes** - See note for Program 714 - Public Schools Compensation Adjustments.

* Please see the 2001 Supplemental Operating Budget Section for additional information.

Public Schools
Learning Assistance Program (LAP)

(Dollars in Thousands)

	GF-S	Other	Total
1999-01 Expenditure Authority	138,406	0	138,406
2001 Supplemental *	-1,078	0	-1,078
Total 1999-01 Biennium	137,328	0	137,328
2001-03 Maintenance Level	141,235	0	141,235
Policy Changes			
1. Pension Changes	-1,825	0	-1,825
Total 2001-03 Biennium	139,410	0	139,410
Fiscal Year 2002 Total	70,593	0	70,593
Fiscal Year 2003 Total	68,817	0	68,817

Comments:

1. **Pension Changes** - See note for Program 714 - Public Schools Compensation Adjustments.

* Please see the 2001 Supplemental Operating Budget Section for additional information.

Public Schools Block Grants

(Dollars in Thousands)

	GF-S	Other	Total
1999-01 Expenditure Authority	60,296	0	60,296
2001 Supplemental *	74	0	74
Total 1999-01 Biennium	60,370	0	60,370
2001-03 Maintenance Level	54,666	0	54,666
Policy Changes			
1. Block Grant Reduction	-17,635	0	-17,635
Total 2001-03 Biennium	37,031	0	37,031
Fiscal Year 2002 Total	19,515	0	19,515
Fiscal Year 2003 Total	17,516	0	17,516

Comments:

1. **Block Grant Reduction** - The allocation in the Block Grant Program is reduced from \$28.81 per K-12 student to \$18.48 per student. Block grant funds are discretionary funds that can be used by school districts for any educational purpose.

* Please see the 2001 Supplemental Operating Budget Section for additional information.

Public Schools Better Schools Program

(Dollars in Thousands)

	GF-S	Other	Total
1999-01 Expenditure Authority	57,500	0	57,500
2001 Supplemental *	-1,404	0	-1,404
Total 1999-01 Biennium	56,096	0	56,096
2001-03 Maintenance Level	131,629	0	131,629
Policy Changes			
1. Redirect Better Schools Program	-82,455	0	-82,455
2. Better Schools Staff Development	-40,178	0	-40,178
Total 2001-03 Biennium	8,996	0	8,996
Fiscal Year 2002 Total	8,996	0	8,996
Fiscal Year 2003 Total	0	0	0

Comments:

1. **Redirect Better Schools Program** - The class size reduction portion of the Better Schools Program is transferred to the Apportionment Program.
2. **Better Schools Staff Development** - Funding for the Better Schools Program staff development component created by the 2000 Legislature is not continued.

* Please see the 2001 Supplemental Operating Budget Section for additional information.

Public Schools Student Achievement Program

(Dollars in Thousands)

	GF-S	Other	Total
1999-01 Expenditure Authority	0	0	0
2001-03 Maintenance Level	0	0	0
Policy Changes			
1. Increasing Student Achievement	0	393,300	393,300
Total 2001-03 Biennium	0	393,300	393,300
Fiscal Year 2002 Total	0	184,232	184,232
Fiscal Year 2003 Total	0	209,068	209,068

Comments:

1. **Increasing Student Achievement** - Initiative 728 requires the lottery revenues, a portion of state property taxes with established dollar per student amounts, and any funds accumulated in the state's Emergency Reserve Fund in excess of 5 percent of annual general fund revenues to be deposited into the newly created Student Achievement Fund and the Education Construction Account.

This budget appropriates \$393.3 million of Student Achievement Fund moneys to be distributed to school districts at a rate of \$193.92 per full time equivalent (FTE) student for the 2001-02 school year and \$220.59 per FTE student for the 2002-03 school year. According to the Initiative, the permissible uses of this money are as follows: smaller classes in grades K-4; smaller classes for certain grade 5-12 classes; extended learning opportunities in grades K-12; professional development for educators; early childhood programs; and building improvements or additions to support class-size reductions or extended learning programs. (Student Achievement Fund)

In addition, \$76.7 million of Education Construction Account moneys are appropriated in the Capital Budget for common school construction.

Public Schools Common School Construction

(Dollars in Thousands)

	GF-S	Other	Total
1999-01 Expenditure Authority	0	113,612	113,612
2001 Supplemental *	0	-50,535	-50,535
Total 1999-01 Biennium	0	63,077	63,077
2001-03 Maintenance Level	0	0	0
Policy Changes			
1. Transfer to School Construction	0	191,220	191,220
Total 2001-03 Biennium	0	191,220	191,220
Fiscal Year 2002 Total	0	172,500	172,500
Fiscal Year 2003 Total	0	18,720	18,720

Comments:

1. **Transfer to School Construction** - A total of \$36.7 million from the Education Savings Account and \$154.5 million from the Education Construction Account will be deposited to the Common School Construction Account for state matching funds for K-12 school construction projects. (Education Construction Account, Education Savings Account)

* Please see the 2001 Supplemental Operating Budget Section for additional information.

